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INDIANA UTILITY REGULATORY COMMISSION

GENERAL INSTRUCTIONS AND FORMS

FOR

SMALL PRIVATE RURAL SEWER UTILITY

FILED

RATE CASE

MAY 17 2007

ACCOUNTING SECTION

INDIANA UTILITY
REGULATORY COMMISSION

KINGSBURY UTILITY CORPORATION

INSTRUCTIONS

HISTORICAL FINANCIAL DATA Pages 1 thru 8, the Comparative Balance Sheet, Analysis of Utility Plant in Service, Analysis of Accumulated Depreciation, Analysis of Retained Earnings, Comparative Income Statement, Comparative Detail of Operating Revenues, and the Comparative Detail of Operating Expenses should be taken from the utility's books and records. The first column of the balance sheet, income statement and related schedules should reflect the Test Year. The test period selected should be the most current 12 months, preferably ending on a calendar quarter. Also, the test year should not be any older than six months from the date you file your application. The comparative data on the balance sheet and income statement should be the most current calendar year available.

SCHEDULE OF PRESENT AND PROPOSED RATES To the extent that this schedule is not self-explanatory, the tracker column would only be filled out if another utility treats all or part of your sewage and that utility has changed its wholesale rates since your last general rate case. Column F, the percent increase in rates, should correspond to the percent increase in sewer revenues as shown in the Detail of Adjustments and recorded on the Pro-forma Operating Income Statement for an across-the-board rate change.

PROFORMA OPERATING INCOME STATEMENT Column A should be the test year figures as taken from the utility's books and records and should be the same as the numbers found in in Column A of the Comparative Income Statement. Column B contains the adjustments which are detailed on the pages that follow the Proforma Operating Income Statement. Column C should be the totals of Columns A and B, and Column D should contain the adjustments which reflect the results of the proposed rate increase. Finally, Column E is the sum of Columns C and D.

DETAIL OF TYPICAL ADJUSTMENTS These are sample adjustments that you may use. If your circumstances require the use of another format, feel free to use your own format. Also, you might not have adjustments to all the accounts we listed or you may have other fixed, known and measurable adjustments that we haven't shown as examples. If you do use your own format, please show as much detail as possible.

CALCULATION OF RATE INCREASE An important calculation on this page is the determination of Fair Value Rate Base. The calculation shown at the bottom of this page would likely be considered minimal justification. Any other calculation or reasoning that supports your calculation as to the fair value of the utility property should also be included and detailed. The Fair Value Rate of Return must be a reasonable amount and any support and justification for the requested return on investment should be included as a separate page or exhibit.

CALCULATION OF REVENUE CONVERSION FACTOR This calculation has been included because it makes it easy to convert an increase in net income to the amount of revenue increase. As with the Detail of Typical Adjustments, this calculation should be tailored to the utility's unique circumstances.

RATE OF RETURN ON ORIGINAL COST RATE BASE & RATE OF RETURN ON EQUITY CALCULATIONS These three pages must be filled out as a comparison for the rate of return on fair value rate base. Except for the Synchronized Interest Calculation, which is used in the income tax calculations, the numbers derived from these pages aren't used elsewhere in this report.

GENERAL If you have questions or need help in filling out this report, please call the IURC Accounting Division and ask for assistance at 317-232-2781. Please number your pages and note that Subchapter S corporations should not include a request for income taxes.

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
COMPARATIVE BALANCE SHEET
AS OF DECEMBER 31, 2006 AND 2005

Line No.		As Of 12/31/2006 Col. A	As Of 12/31/2005 Col. B
	<u>ASSETS AND OTHER DEBITS</u>		
	<u>UTILITY PLANT IN SERVICE</u>		
1.	Utility plant in service	\$ 897,131	\$ 694,831
2.	Less: Accumulated depreciation and amortization	(460,867)	(451,971)
3.	Net Utility Plant in Service	\$ 436,264	\$ 242,860
4.	Property held for future use-Net	-	-
5.	Construction work in progress	-	9,961
6.	Utility plant acquisition adjustment	-	-
	Less: Accumulated amortization of utility plant		
7.	acquisition adjustment	-	-
8.	Miscellaneous utility plant	-	-
9.	Total Net Utility Plant	<u>\$ 436,264</u>	<u>\$ 252,821</u>
	<u>OTHER PROPERTY AND INVESTMENTS</u>		
10.	Non-utility property	\$ 83,028	\$ 83,028
11.	Less: Accumulated depreciation	(83,028)	(83,028)
12.	Investments in associated companies	-	-
13.	Other investments	-	-
14.	Other special funds	-	-
15.	Total Other Property and Investments	<u>\$ -</u>	<u>\$ -</u>
	<u>CURRENT AND ACCRUED ASSETS</u>		
16.	Cash	\$ 4,035	\$ 28
17.	Special deposits	-	-
18.	Customer accounts receivable	17,663	11,929
19.	Other accounts receivable	-	-
20.	Accounts receivable from associated companies	-	-
21.	Accumulated provision for uncollectible accounts-Credit	-	-
22.	Plant materials and supplies	-	-
23.	Prepayments	-	-
24.	Interest and dividends receivable	-	-
25.	Accrued utility revenues	-	-
26.	Miscellaneous current and accrued assets	-	-
27.	Total Current and Accrued Assets	<u>\$ 21,698</u>	<u>\$ 11,957</u>
	<u>DEFERRED DEBITS</u>		
28.	Please detail	<u>\$ -</u>	<u>\$ -</u>
29.	Total Assets and Other Debits	<u>\$ 457,962</u>	<u>\$ 264,778</u>

KINGSBURY UTILITY CORPORATION

KINGSBURY, INDIANA

COMPARATIVE BALANCE SHEET

AS OF DECEMBER 31, 2006 AND 2005

Line No.		As Of 12/31/2006 Col. A	As Of 12/31/2005 Col. B
<u>LIABILITIES AND OTHER CREDITS</u>			
<u>EQUITY CAPITAL</u>			
1.	Proprietary capital	\$ -	\$ -
2.	Common stock issued	500	500
3.	Treasury Stock	-	-
4.	Other paid-in capital	562,987	562,987
5.	Retained earnings	(423,638)	(369,927)
6.	Total Equity Capital	<u>\$ 139,849</u>	<u>\$ 193,560</u>
<u>LONG-TERM DEBT</u>			
7.	Bonds	\$ -	\$ -
8.	Advances from associated companies	-	-
9.	Other long-term debt	186,027	52,799
10.	Total Long-Term Debt	<u>186,027</u>	<u>52,799</u>
<u>CURRENT AND ACCRUED LIABILITIES</u>			
11.	Accounts payable	\$ 75,228	\$ 11,376
12.	Bank Account Overdraft	-	-
13.	Accounts payable to associated companies	49,695	-
14.	Customer deposits	-	-
15.	Accrued taxes	7,091	7,043
16.	Accrued interest	-	-
17.	Matured long-term debt	-	-
18.	Miscellaneous current and accrued liabilities	72	-
19.	Total Current and Accrued Liabilities	<u>\$ 132,086</u>	<u>\$ 18,419</u>
<u>DEFERRED CREDITS</u>			
20.	Unamortized premium on debt	\$ -	\$ -
21.	Advances for construction	-	-
22.	Other deferred credits	-	-
23.	Total Deferred Credits	<u>\$ -</u>	<u>\$ -</u>
<u>OPERATING RESERVES</u>			
24.	Property insurance reserves	\$ -	\$ -
25.	Injuries and damages reserves	-	-
26.	Pensions and benefits reserves	-	-
27.	Miscellaneous operating reserves	-	-
28.	Total Operating Reserves	<u>\$ -</u>	<u>\$ -</u>
<u>CONTRIBUTIONS IN AID OF CONSTRUCTION</u>			
29.	Contributions in aid of construction	\$ -	-
30.	Less: Accumulated amortization	-	-
31.	Net Contributions in Aid of Construction	<u>\$ -</u>	<u>\$ -</u>
32.	Total Liabilities and Other Credits	<u>457,962</u>	<u>264,778</u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA

NOTES TO THE FINANCIAL STATEMENTS

The space below is provided for important notes regarding the financial statements.

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA

ANALYSIS OF UTILITY PLANT IN SERVICE
FROM JANUARY 1, 2005 TO DECEMBER 31, 2006

Line No.		Beginning Balance		Additions		Retirements		Other		Year End Balance		Additions		Retirements		Other		Balance at End of Test Year	
		Col. A		Col. B		Col. C		Col. D		Col. E		Col. F		Col. G		Col. H		Col. I	
<u>UTILITY PLANT</u>																			
1.	Organization	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -		\$ -	
2.	Franchises	\$ -		-		-		-		-		-		-		-		-	
3.	Land and land rights	\$ -		-		-		-		-		-		-		-		-	
4.	Structures and improvements	\$ -		-		-		-		-		-		-		-		-	
5.	Collection sewers-Force	\$ -		-		-		-		-		-		-		-		-	
6.	Collection sewers-Gravity	\$ 357,878		-		-		-		\$ 357,878		-		-		-		\$ 357,878	
7.	Special collection structures	\$ -		-		-		-		-		-		-		-		-	
8.	Services to customers	\$ -		-		-		-		-		-		-		-		-	
9.	Flow measuring devices	\$ 3,602		-		-		-		\$ 3,602		-		-		-		\$ 3,602	
10.	Flow measuring installations	\$ -		-		-		-		-		-		-		-		-	
11.	Receiving wells	\$ -		-		-		-		-		-		-		-		-	
12.	Treatment and disposal equipment	\$ 250,699		51,419		(2,199)		-		\$ 299,919		198,186		-		-		\$ 498,105	
13.	Plant sewers	\$ -		-		-		-		-		-		-		-		-	
14.	Outfall sewer lines	\$ -		-		-		-		-		-		-		-		-	
15.	Other plant & miscellaneous equipment	\$ -		-		-		-		-		-		-		-		-	
<u>GENERAL PLANT</u>																			
16.	Office furniture and equipment	\$ -		800		-		-		\$ 800		114		-		-		\$ 914	
17.	Transportation equipment	\$ 17,290		-		-		-		\$ 17,290		-		-		-		\$ 17,290	
18.	Stores equipment	\$ -		-		-		-		-		-		-		-		-	
19.	Tools, shop and garage equipment	\$ 14,728		614		-		-		\$ 15,342		4,000		-		-		\$ 19,342	
20.	Laboratory equipment	\$ -		-		-		-		-		-		-		-		-	
21.	Power operated equipment	\$ -		-		-		-		-		-		-		-		-	
22.	Communication equipment	\$ -		-		-		-		-		-		-		-		-	
23.	Miscellaneous equipment	\$ -		-		-		-		-		-		-		-		-	
24.	Other tangible property	\$ -		-		-		-		-		-		-		-		-	
25.	Total Utility Plant in Service	\$ 644,197		\$ 52,833		\$ (2,199)		\$ -		\$ 694,831		\$ 202,300		\$ -		\$ -		\$ 897,131	

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
ANALYSIS OF ACCUMULATED PROVISION FOR DEPRECIATION
FROM JANUARY 1, 2005 TO DECEMBER 31, 2006

Line
No.

1.	<u>BALANCE JANUARY 1, 2005</u> (1)	\$ 437,797
	<u>YEAR 2005</u>	
2.	Charged to depreciation expense	14,174
3.	Salvage	-
4.	Retirements	-
5.	Cost of removal	-
6.	Adjustments *	-
7.	<u>BALANCE DECEMBER 31, 2005</u> (2)	<u>\$ 451,971</u> (4)
	<u>YEAR 2006</u>	
8.	Charged to depreciation expense	8,896
9.	Salvage	-
10.	Retirements	-
11.	Cost of removal	-
12.	Adjustments *	-
13.	BALANCE DECEMBER 31, 2006 (3)	<u>\$ 460,867</u> (5)

(1) This should be the date of the beginning of the first year.

(2) This should be the date of the end of the first year

(3) This should be the date of the end of the test year.

(4) This amount should agree with the amount on Page BS-A, Column B, Line 2.

(5) This amount should agree with the amount on Page BS-A, Column A, Line 2.

* Please detail

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
ANALYSIS OF RETAINED EARNINGS
FROM JANUARY 1, 2005 TO DECEMBER 31, 2006

Line
No.

1.	<u>BALANCE JANUARY 1, 2005</u> (1)	\$ (312,724)
	<u>YEAR 2005</u>	
2.	Balance transferred from income	(57,203)
3.	Common stock dividends	-
4.	Preferred stock dividends	-
5.	Adjustments *	-
6.	<u>BALANCE DECEMBER 31, 2005</u> (2)	<u>(369,927) (4)</u>
	<u>YEAR 2006</u>	
7.	Balance transferred from income	(53,711)
8.	Common stock dividends	-
9.	Preferred stock dividends	-
10.	Adjustments *	<u>-</u>
11.	BALANCE DECEMBER 31, 2006 (3)	<u>(423,638) (5)</u>

- (1) This should be the date of the beginning of the first year.
 (2) This should be the date of the end of the first year
 (3) This should be the date of the end of the test year.
 (4) This amount should agree with the amount on Page BS-L, Column B, Line 5.
 (5) This amount should agree with the amount on Page BS-L, Column A, Line 5.

* Please detail

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
COMPARATIVE INCOME STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Line No.		Year Ended 12/31/2006 Col. A	Year Ended 12/31/2005 Col. B
	<u>OPERATING REVENUES</u>		
1.	Sewer revenues	\$ 152,817	\$ 117,891
2.	Other operating revenues	748	1,066
3.	Total Operating Revenues	<u>\$ 153,565</u>	<u>\$ 118,957</u>
	<u>OPERATING EXPENSES</u>		
4.	Operation and maintenance expenses	\$ 185,740	\$ 150,712
5.	Depreciation expense	8,896	14,174
6.	Amortization expense	-	-
7.	Taxes other than income taxes	12,521	10,454
8.	Income taxes	-	-
9.	Total Operating Expenses	<u>\$ 207,157</u>	<u>\$ 175,340</u>
10.	Net Operating Income (Loss)	<u>\$ (53,592)</u>	<u>\$ (56,383)</u>
	<u>OTHER INCOME AND DEDUCTIONS</u>		
11.	Revenue from merchandising jobbing and contract work	\$ -	\$ -
12.	Cost and expenses from merchandising jobbing and contract work	-	-
13.	Income from non-utility operations	-	-
14.	Interest income	6	4
15.	Allowance for funds used during construction	-	-
16.	Miscellaneous non-utility income and expenses	(125)	(824)
17.	Interest expense	-	-
18.	Total Other Income and Deductions	<u>\$ (119)</u>	<u>\$ (820)</u>
19.	TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS	<u>\$ -</u>	<u>\$ -</u>
20.	Net Income (Loss)	<u><u>\$ (53,711)</u></u>	<u><u>\$ (57,203)</u></u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
COMPARATIVE DETAIL OF OPERATING REVENUES
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Line No.		Year Ended 12/31/2006 Col. A	Year Ended 12/31/2005 Col. B
	<u>OPERATING REVENUES</u>		
	<u>SEWER REVENUES</u>		
1.	Flat rate revenues	\$ 19,955	\$ 13,026
2.	Measured revenues	132,862	104,865
3.	Revenues from public authorities	-	-
4.	Revenues from other systems	-	-
5.	Interdepartmental revenues	-	-
		-	-
6.	Total Sewer Revenues	<u>\$ 152,817</u>	<u>\$ 117,891</u>
	<u>OTHER OPERATING REVENUES</u>		
7.	Forfeited discounts	\$ -	\$ -
8.	Miscellaneous service revenues	-	-
9.	Sale of sludge	-	-
10.	Interdepartmental rents	-	-
11.	Other sewer revenues	748	1,066
		-	-
12.	Total Other Operating Revenues	<u>\$ 748</u>	<u>\$ 1,066</u>
13.	Total Operating Revenues	<u><u>\$ 153,565</u></u>	<u><u>\$ 118,957</u></u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
COMPARATIVE DETAIL OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Line No.		Year Ended 12/31/2006 Col. A	Year Ended 12/31/2005 Col. B
	<u>OPERATING EXPENSES</u>		
	<u>OPERATION AND MAINTENANCE EXPENSES</u>	\$ -	\$ -
1.	Salaries and wages-Employees	56,825	37,670
2.	Salaries and wages-Officers and directors	24,878	23,600
3.	Employee pensions and benefits	-	-
4.	Sewage treatment expense	3,103	1,860
5.	Purchased power	25,559	22,958
6.	Telephone	965	1,058
7.	Office Supplies	2,362	2,491
8.	Materials and supplies	32,191	31,530
9.	Contractual services	7,639	3,704
10.	Licenses & fees	1,640	260
11.	Transportation expense	4,570	4,550
12.	Insurance expense	7,450	6,288
13.	Regulatory commission expense		
14.	Legal & Accounting	6,705	9,947
15.	Miscellaneous expense	11,853	4,795
16.	Total Operation and Maintenance Expenses	<u>\$ 185,740</u>	<u>\$ 150,712</u>
17.	DEPRECIATION EXPENSE	<u>\$ 8,896</u>	<u>\$ 14,174</u>
18.	AMORTIZATION EXPENSE	<u>\$ -</u>	<u>\$ -</u>
	<u>TAXES OTHER THAN INCOME TAXES</u>		
19.	IURC Public Utility Fee	\$ -	\$ -
20.	Property taxes	4,628	4,145
21.	Payroll taxes	5,632	4,687
22.	Other taxes and licenses	2,261	1,622
23.	Total Taxes Other Than Income Taxes	<u>\$ 12,521</u>	<u>\$ 10,454</u>
	<u>INCOME TAXES</u>		
24.	Federal income taxes-Utility operating income-Current	\$ -	\$ -
25.	State income taxes-Utility operating income-Current	-	-
26.	Local income taxes-Utility operating income-Current	-	-
27.	Federal income taxes-Deferred	-	-
28.	State income taxes-Deferred	-	-
29.	Local income taxes-Deferred	-	-
30.	Deferred income tax credit	-	-
31.	Investment tax credit deferred to future periods	-	-
32.	Investment tax credit restored to operating income	-	-
33.	Total Income Taxes	<u>\$ -</u>	<u>\$ -</u>
34.	INCOME FROM UTILITY PLANT LEASED TO OTHERS	<u>\$ -</u>	<u>\$ -</u>
35.	GAIN OR LOSS FROM DISPOSITION OF UTILITY PROPERTY	<u>\$ -</u>	<u>\$ -</u>
	Total Operating Expenses	<u>\$ 207,157</u>	<u>\$ 175,340</u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
SCHEDULE OF PRESENT AND PROPOSED RATES

	Present Rates (1) Col. A	Tracker Col. B	Adjusted Present Rates Col. C	Proposed Rates Col. D	Increase	
					Amount Col. E	Percent Col. F
MEASURED RATES PER MONTH						
First 5,000 gallons	\$ 3.30	\$ -	\$ 3.30	\$ 6.55	\$ 3.25	98.59%
Next 10,000 gallons (5,001 to 15,000)	\$ 2.91	\$ -	\$ 2.91	\$ 5.78	\$ 2.87	98.59%
Next 35,000 gallons (15,001 to 50,000)	\$ 2.65	\$ -	\$ 2.65	\$ 5.26	\$ 2.61	98.59%
Next 50,000 gallons (50,001 to 100,000)	\$ 2.25	\$ -	\$ 2.25	\$ 4.47	\$ 2.22	98.59%
Next 100,00 gallons (100,001 to 200,000)	\$ 1.99	\$ -	\$ 1.99	\$ 3.95	\$ 1.96	98.59%
All amounts over 200,000	\$ 1.58	\$ -	\$ 1.58	\$ 3.14	\$ 1.56	98.59%
MINIMUM RATES PER MONTH						
5/8 inch diameter	\$ 16.26	\$ -	\$ 16.26	\$ 32.29	\$ 16.03	98.59%
3/4 inch diameter	\$ 21.27	\$ -	\$ 21.27	\$ 42.24	\$ 20.97	98.59%
1 inch diameter	\$ 39.11	\$ -	\$ 39.11	\$ 77.67	\$ 38.56	98.59%
1-1/4 inch diameter	\$ 49.02	\$ -	\$ 49.02	\$ 97.35	\$ 48.33	98.59%
1-1/2 inch diameter	\$ 51.65	\$ -	\$ 51.65	\$ 102.57	\$ 50.92	98.59%
2 inch diameter	\$ 114.27	\$ -	\$ 114.27	\$ 226.93	\$ 112.66	98.59%
3 inch diameter	\$ 212.18	\$ -	\$ 212.18	\$ 421.37	\$ 209.19	98.59%
4 inch diameter	\$ 408.11	\$ -	\$ 408.11	\$ 810.47	\$ 402.36	98.59%
6 inch diameter	\$ 816.21	\$ -	\$ 816.21	\$ 1,620.91	\$ 804.70	98.59%
8 inch diameter	\$ 1,305.97	\$ -	\$ 1,305.97	\$ 2,593.53	\$ 1,287.56	98.59%
FLAT RATE PER MONTH						
Per each residential unit	\$ 16.26	\$ -	\$ 16.26	\$ 32.29	\$ 16.03	98.59%

(1) Approved in Cause No. 42344-U, Order dated April 20, 2006.

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
PROFORMA OPERATING INCOME STATEMENT

Line No.		Test Year Col. A	Adjustments Col. B	Adjusted Present Rates Col. C	Adjustments Col. D	Proforma Proposed Rates Col. E
<u>OPERATING REVENUES</u>						
1	Sewer revenues	\$ 152,817	\$ 16,616	\$ 169,433	\$ 167,036	\$ 336,469
2	Other operating revenues	\$ 748	-	748	-	748
3	Total Operating Revenues	<u>\$ 153,565</u>	<u>\$ 16,616</u>	<u>\$ 170,181</u>	<u>\$ 167,036</u>	<u>\$ 337,217</u>
<u>OPERATING EXPENSES</u>						
4	Operation and maintenance expenses	\$ 185,740	\$ 33,380	\$ 219,120	\$ -	\$ 219,120
5	Executive Compensation	-	4,917	4,917	-	4,917
6	Employee Benefits	-	3,000	3,000	-	3,000
		-	-	-	-	-
7	Depreciation expense - Add'l Assets	8,896	6,416	15,312	-	15,312
8	Amortization expense	-	1,000	1,000	-	1,000
9	Taxes other than income taxes	12,521	-	12,521	167	12,688
10	Income Taxes	-	-	-	20,924	20,924
11	Total Operating Expenses	<u>\$ 207,157</u>	<u>\$ 48,713</u>	<u>\$ 255,870</u>	<u>\$ 21,091</u>	<u>\$ 276,962</u>
12	Net Operating Income (Loss)	<u>\$ (53,592)</u>	<u>\$ (32,097)</u>	<u>\$ (85,689)</u>	<u>\$ 145,944</u>	<u>\$ 60,255</u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
DETAIL OF TYPICAL ADJUSTMENTS

(1) TO ADJUST OPERATING EXPENSES TO REFLECT THE COST OF THIS RATE CASE.

Estimated Rate Case Costs

Legal fees	\$	-
Accounting fees		<u>4,000</u>
Total Rate Case Costs		\$4,000
Amortize over 4 years		<u>4</u>
Annual Expense	\$	1,000
Less: Test year expense		<u>-</u>
Adjustment	\$	<u><u>1,000</u></u>

(2) TO ADJUST EXECUTIVE COMPENSATION:

Proposed annual salary for Jeff Johnson	\$	52,000
Total Annual Salary - 2006	\$	<u>42,166</u>
Proposed Increase in Annual Salary	\$	9,834
		<u>50%</u>
Wastewater Utility Portion of Proposed Increase	\$	<u><u>4,917</u></u>

(3) HAULED WASTE

The following calculates the amount of unbilled revenue for treatment of hauled waste:

Johnson Johns - Hauled waste (2006)		830,800
Times Rate	\$	<u>0.02</u>
Adjustment to increase revenues	\$	<u><u>16,616</u></u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
DETAIL OF TYPICAL ADJUSTMENTS

- (4) This rate study proposes the implementation of a fringe benefit package for the various employees of the utility. Health insurance would be provided to Don Rogowski and a retirement plan would be offered to Don Rogowski, Jerry Jackson and Jeff Johnson. The estimated cost of these benefits to the utility is as follows:

	Total	Water	Sewer
Health insurance - Don Rogowski	\$ 200	\$ 100	\$ 100
Retirement plan (max 3% of compensation)	\$ 300	\$ 150	\$ 150
Total monthly costs	\$ 500	\$ 250	\$ 250
	12	12	12
Annualized cost	\$ 6,000	\$ 3,000	\$ 3,000

- (5) TO ADJUST OPERATING REVENUES TO REFLECT THE PROPOSED RATE INCREASE.

Pro-forma sewer revenues at present rates	\$ 169,433
Times: Percent of proposed rate increase	<u>98.59%</u>
Adjustment	<u>\$ 167,036</u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
DETAIL OF TYPICAL ADJUSTMENTS

(6) TO ADJUST OPERATING EXPENSES TO REFLECT THE PROPOSED RATE INCREASE.

IURC FEE

Proposed increase in revenues	\$ 167,036
Times: IURC Rate	<u>0.001</u>
Increase in IURC Fee	<u>\$ 167</u>

GROSS RECEIPTS TAX

Proposed increase in revenues	\$ 167,036
Times rate	<u>1.20%</u>
Increase in Gross Tax	\$ 2,004

STATE SUPPLEMENTAL INCOME TAX

Proposed increase in revenues	\$ 167,036
Less: IURC Fee increase	(167)
Other Additional Expenses	-
Gross Tax increase	<u>(2,004)</u>
Subtotal	\$ 164,864
Times rate (8.5% X 41.2834%)	<u>3.51%</u>
Increase in State Tax	\$ 5,785

FEDERAL INCOME TAX

Proposed increase in revenues	\$ 167,036
Less: IURC Fee increase	(167)
Other Additional Expenses	-
Gross Tax increase	(2,004)
State Tax increase	<u>(5,785)</u>
Subtotal	\$ 159,079
Times rate (20% X 41.2834%)	<u>8.26%</u>
Increase in Federal Tax	<u>\$ 13,135</u>

Adjustment \$ 20,924

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
DETAIL OF TYPICAL ADJUSTMENTS

(7) ADDITIONAL MAINTENANCE COST FOR NEW DIGESTER

There are several new expected maintenance costs with the installation and implementation of the Digester. The Digester went online in January of 2007. Additional costs associated with the Digester include: higher utility costs, bulb replacement, drying bed maintenance and other preventative maintenance costs associated with the mechanical operation of the Digester.

Bulb replacement:

Total # of Bulbs	40	
Cost per bulb	48.50	
Cost per sleeve **	<u>45.00</u>	
Total Replacement Cost per Bulb and Sleeve	<u>93.50</u>	
Total Cost of Replacement	\$ 3,740	
Expected Life in Years	<u>2</u>	
Expected cost of bulb replacement		\$ 1,870

Drying Bed Maintenance:

Bed Maintenance to be performed
every six months:

Cost of Man & Machine (\$2,000 X 2)	\$ 4,000
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Additional NIPSCO Costs:

The digester utilizes (2) 25 HP blowers and (1) 15 HP pump. The estimated usage of these pieces of equipment is 75% load for 16 hours per day. Based on this estimation, the calculated KWh consumption and related increase in power purchased, in dollars, is:

1 HP motor running for 1 hour = .746 KWh used

65 HP motors running for 16 hours per day at a 75%
load for 365 days equals 212,386 KWh used

Rate per KWh is based on the utility's NIPSCO billing
dated May 1, 2007

Total electric charges	\$2,422.82
Total KWh used per 5/1/07 billing	<u>24,510</u>
Rate per KWh	<u>0.098850</u>

Estimated additional KWh required to operate digester	212,386
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Rate per KWh (per above)	<u>\$0.098850</u>
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Additional Power Purchase Cost - Digester	\$ 20,994
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Additional Testing costs - refurbished digester in operation:

	<u>Cost per Test</u>	<u>Tests per Year</u>	<u>Additional Annual Test Costs</u>
Metals	\$ 48	52	\$ 2,496
Organics	\$ 335	12	<u>\$ 4,020</u>

Total Additional Testing Costs	<u>\$ 6,516</u>
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Total Additional Operating & Maintenance Expenses	<u>\$ 33,380</u>
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KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
DETAIL OF TYPICAL ADJUSTMENTS

(8) 2006 ISSUES AFFECTING THIS RATE STUDY:

Capital Expenditures Completed

Buschman Tank Car	8,300
Crane	8,000
Digester Rehabilitation - 2006	189,886
Digester Rehabilitation - 2007	<u>89,270</u>

Capital Expenditures made as of the filing of this rate study without depreciation applied	<u><u>295,456</u></u>
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Annual Depreciation on Capital Expenditures scheduled above:

<u>COST</u>	<u>YEARS</u>	<u>ADD'L S/L DEPREC</u>
287,456	50	5,749
8,000	12	<u>667</u>
Additional Annual Depreciation		<u><u>6,416</u></u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
CALCULATION OF RATE INCREASE

INCREASE IN OPERATING REVENUES REQUIRED

Fair Value Rate Base	\$ 547,707	
Times: Fair Value Rate of Return	<u>11.00%</u>	
Proposed Utility Net Operating Income	\$ 60,248	
Less: Pro-forma Net Operating Income at Present Rates	<u>\$ (85,689)</u>	
Increase in Net Operating Income Required	\$ 145,937	
Times: Revenue Conversion Factor	<u>1.144574</u>	
Increase in Operating Revenues Required		<u><u>\$ 167,036</u></u>

PERCENT INCREASE IN REVENUES

Proposed Increase in Operating Revenues	\$ 167,036	
Divided by: Operating Revenues at Present Rates	<u>\$ 169,433</u>	
Percent Increase in Operating Revenues		<u><u>98.59%</u></u>

PERCENT INCREASE IN RATES

Proposed Increase in Operating Revenues	\$ 167,036	
Divided by: Sewer Revenues at Present Rates	<u>\$ 169,433</u>	
Percent Increase in Rates		<u><u>98.59%</u></u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
REVENUE CONVERSION FACTOR

Line
No.

1.	Gross revenue change	100.0000%
2.	Less: Gross income tax	-1.2000%
3.	IURC Fee	-0.1000%
4.	Uncollectible accounts rate	<u>-0.0050%</u>
5.	Subtotal	98.6950%
	Less: State Income Taxes	
6.	(8.5% of Line 5 X 41.2834%)	<u>-3.4633%</u>
7.	Subtotal	95.2317%
8.	Federal Income Taxes	
	(20% of Line 7 X 41.2834%)	<u>-7.8630%</u>
9.	Total	<u>87.3687%</u>
10.	Revenue Conversion Factor	
	(1 divided by Line 9)	<u>1.144574</u>

COMPUTATION OF STATE & FEDERAL INCOME TAX RATES:

Pro-Forma loss under old rates	\$ 85,689
Divided by total proposed increase in Net Income	<u>145,937</u>
Percentage of proposed increase not taxed	<u>58.7166%</u>
percentage of proposed increase that will be taxed	<u>41.2834%</u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
RATE OF RETURN ON ORIGINAL COST

Line No.		Pro-forma Present Rates	Pro-forma Proposed Rates
	<u>ORIGINAL COST RATE BASE</u>		
1.	Utility plant in service	\$ 897,131	\$ 897,131
2.	Less: Accumulated depreciation	(460,867)	(460,867)
3.	Net utility plant in service	\$ 436,264	\$ 436,264
4.	Add: Current year additions to Utility plant in service		89,270
5.	Working capital (1)	22,173	22,173
6.	Less: Contributions in aid of construction	-	-
7.	Original Cost Rate Base	<u>\$ 458,437</u>	<u>\$ 547,707</u>

	Pro-forma Present Rates	Pro-forma Proposed Rates
	<u>RATE OF RETURN ON ORIGINAL COST</u>	
8.	Net operating income	\$ (85,689) \$ 60,255
9.	Divided by: Original cost rate base	<u>458,437</u> <u>547,707</u>
10.	Rate of Return on Original Cost	<u>-18.69%</u> <u>11.00%</u>

	Pro-forma Present Rates	Pro-forma Proposed Rates
	<u>(1) WORKING CAPITAL-45 DAY METHOD</u>	
11.	Total O&M Expenses	\$ 227,037 \$ 227,037
12.	Less: Purchased power & water	(46,553) (46,553)
13.	Sewage treatment expense	(3,103) (3,103)
14.	Subtotal	<u>\$ 177,381</u> <u>\$ 177,381</u>
15.	Divide by: 8	<u>8</u> <u>8</u>
16.	Gross Working Capital	<u>\$ 22,173</u> <u>\$ 22,173</u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
RETURN ON EQUITY-ORIGINAL COST
AT PRESENT RATES

Line

No. WEIGHTED COST OF CAPITAL

	<u>Type of Capital</u>	<u>Amount</u>	<u>Percent</u>	<u>Cost</u>	<u>Weighted Ave. Cost</u>
1.	Long-term debt	\$ -	0.00%	0.00%	0.00%
2.	Common equity	139,849	100.00%	-18.69%	-18.69%
3.	Preferred equity	-	0.00%	0.00%	0.00%
4.	Post-1970 ITC	-	0.00%	0.00%	0.00%
5.	Pre-1971 ITC	-	0.00%	0.00%	0.00%
6.	Deferred taxes	-	0.00%	0.00%	0.00%
7.	Customer deposits	-	0.00%	0.00%	0.00%
8.	Customer advances for construction	-	0.00%	0.00%	0.00%
9.	Totals	<u>\$ 139,849</u>	<u>100.00%</u>		<u>-18.69%</u>

KINGSBURY UTILITY CORPORATION
KINGSBURY, INDIANA
RETURN ON EQUITY-ORIGINAL COST
AT PROPOSED RATES

Line

No. WEIGHTED COST OF CAPITAL

	<u>Type of Capital</u>	<u>Amount</u>	<u>Percent</u>	<u>Cost</u>	<u>Weighted Ave. Cost</u>
1.	Long-term debt	\$ -	0.00%	0.00%	0.00%
2.	Common equity	139,849	100.00%	11.00%	11.00%
3.	Preferred equity	-	0.00%	0.00%	0.00%
4.	Post-1970 ITC	-	0.00%	0.00%	0.00%
5.	Pre-1971 ITC	-	0.00%	0.00%	0.00%
6.	Deferred taxes	-	0.00%	0.00%	0.00%
7.	Customer deposits	-	0.00%	0.00%	0.00%
8.	Customer advances for construction	-	0.00%	0.00%	0.00%
9.	Totals	<u>\$ 139,849</u>	<u>100.00%</u>		<u>11.00%</u>

GENERAL INSTRUCTIONS

The following forms have been developed by the I.U.R.C. Water Section of the Engineering Division. The purpose of these forms is to provide the I.U.R.C. with the general information required to assist in the processing of Small Water and Sewer company rate cases.

In general, the information provided on completed forms should reflect test year data. It is in the best interest of those involved that the information provided be complete and accurate.

A tariff incorporating the proposed rates must be included as a part of the filing. The proposed tariff should include recurring rates and all non- recurring charges.

SEWER UTILITY INFORMATION

Contact Person Jeff Johnson Telephone No. (219) 393-3576

Certified Operator Jerry P. Jackson No. 11496 Exp. Date 6/30/2007

CTA Number _____ Date _____

NPDES Permit Number IN 0045471 Date 11/14/06 thru 10/31/11

No. of Customers 95

Average Daily Plant Flow 0.291

Is Increase Across-the-Board? Yes
(If no, justification such as a cost-of-service study must be supplied)

Are non-recurring charges being revised? No
(If yes, justification such as a depreciation study must be supplied)

Composite Depreciation Rate 2.00%
(If other than composite, supply details)

Treatment Plant Description Including Capacities Collection System Equipment - Two combination dry-well wet-well lift stations. Each lift station contains a 24" X 24" bar screen and two 4" solid handling vertical pumps with an approximate 250 gallons per minute discharge capacity. Both of these wet wells also contain electrical equipment and level sensing equipment required to operate the pumps. A third lift station is a Smith-Loveless package unit containing two 4" discharge pumps mounted on top of a 48" wet well. It also contains electrical and level sensing equipment required to operate the pumps.

Sewage Treatment Plant - The plant is classified as a two stage trickling filter plant with a treatment capacity of 2.25 million gallons per day, and a population design equivalent of 6,000 persons. The main components are:

The Headwork's which contains a bar screen and a communitor

The primary pumping station operating with two 6" vertical discharge pumps with the capacity to move 850 gallons per minute each.

The primary clarification tank has a capacity of 182,000 gallons with 2,440 sq. ft. of surface area and overflow weir of 20'. Also contains scum skimming and collection equipment as well as sludge collection and removal equipment.

The primary trickling filter is 53' in diameter and includes a rotary distributor, a coarse filter media and an under-drain system. Its rated BOD removal capacity is 260 pounds per day.

The secondary pumping station operates with two 6" vertical discharge pumps with the capacity to move 850 gallons per minute each.

The secondary trickling filter is 53' in diameter and includes a rotary distributor, a coarse filter media and an under-drain system. Its rated BOD removal capacity is 260 pounds per day.

The secondary clarification tank's capacity is 182,000 gallons with 2,440 sq. ft. of surface area and overflow weir of 60'. Also contains sludge collection and removal equipment.

The newly rehabilitated aerobic digester is operational and has a capacity of 42,000 cubic feet. The digester is fed with two pumps; one each from the sludge collection equipment on the primary and secondary clarifier tanks. Digested sludge is put on drying beds to prepare it for land application or landfill disposal.

The final flow measuring and recording equipment is comprised of a 90 degree V-Notch Weir, Drexelbrook capacitance measuring/transmitter device and a Chessel four-channel trace/printing recorder.

Disinfection is achieved with an ultra violet light system containing electrical equipment to support a ten-rack forty-bulb disinfection chamber. The system has a capacity of one million gallons per day at 85% or greater effluent transmittance.

The sewage plant also has a laboratory and related equipment for on-site process control analysis.

As an addendum to this rate study, we have enclosed the Utility's "Certificate of Territorial Authority No. 74" issued by the State of Indiana on September 4, 1969 via Cause No. 32105. Please refer to page 1 of the certificate and note that this utility, although only serving approximately 100 customers is spread out over 6800 acres. Of the approximate 100 customers serviced by the Utility, only half are residential and the other half are commercial businesses with specific demands for the Utility.

STATE OF INDIANA
INDIANA UTILITY REGULATORY COMMISSION
LEGAL NOTICE

You are hereby notified that Kingsbury Utility Corporation (Utility) has petitioned the Indiana Utility Regulatory Commission (Commission) for approval of an increase in the current monthly sewer service charge. The Utility is requesting the Commission approve the following rates:

<u>Metered Rates Per Month</u>	<u>Rate Per 1,000 Gallons</u>
First 5,000 gallons	\$ 6.55
Next 10,000 gallons	\$ 5.78
Next 35,000 gallons	\$ 5.26
Next 50,000 gallons	\$ 4.47
Next 100,000 gallons	\$ 3.95
All amounts over 200,000 gallons	\$ 3.14

Minimum Per Month – Based on Meter Size

5/8 inch diameter	\$ 32.29
3/4 inch diameter	\$ 42.24
1 inch diameter	\$ 77.67
1-1/4 inch diameter	\$ 97.35
1-1/2 inch diameter	\$ 102.57
2 inch diameter	\$ 226.93
3 inch diameter	\$ 421.37
4 inch diameter	\$ 810.47
6 inch diameter	\$1,620.91
8 inch diameter	\$2,593.53

The Utility last rate change was in April, 2006. The proposed monthly rate, which represents a 98.59% increase, is necessary in order for the Utility to pay its current monthly expenses for operation and maintenance of its plant and equipment and also allow for necessary improvements to maintain the collection and treatment systems in sound operating condition.

The Utility filed its application for rate change under IC 8-1-2-61.5 without the necessary cost of a Commission hearing; however, a public hearing will be held by the Commission if any public or municipal corporation, ten (10) individuals, firms, corporations or associations or ten (10) complainants of all or any of the classes affected by the proposed rate change or if the Utility Consumer Counselor requests a formal public hearing by filing a written signed request with the Secretary, Utility Regulatory Commission at 302 W. Washington Street Suite E306, Indianapolis, IN 46204 within forty (40) days from May 17, 2007. It is likely that no hearing will be held in the absence of a written request as described above. The implementation of the proposed service charge is subject to the Commission's approval and has been docketed as Cause No.

Kingsbury Utility Corporation
P.O. Box 254
Kingsbury, IN 46345

WILL BE ON UTILITY LETTERHEAD

May 18, 2007

Dear Kingsbury Utility Customer,

On May 17, 2007, Kingsbury Utility Corporation (Utility) petitioned the Indiana Utility Regulatory Commission (Commission) for approval of an increase in the current monthly sewer service charge. The Utility is requesting the Commission approve the following rates:

Metered Rates Per Month	Rate Per 1,000 Gallons
First 5,000 gallons	\$ 6.55
Next 10,000 gallons	\$ 5.78
Next 35,000 gallons	\$ 5.26
Next 50,000 gallons	\$ 4.47
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The Utility filed its application for rate change under IC 8-1-2-61.5 without the necessary cost of a Commission hearing; however, a public hearing will be held by the Commission if any public or municipal corporation, ten (10) individuals, firms, corporations or associations or ten (10) complainants of all or any of the classes affected by the proposed rate change or if the Utility Consumer Counselor requests a formal public hearing by filing a written signed request with the Secretary, Utility Regulatory Commission at 302 W. Washington Street Suite E306, Indianapolis, IN 46204 within forty (40) days from May 17, 2007. It is likely that no hearing will be held in the absence of a written request as described above. The implementation of the proposed service charge is subject to the Commission's approval and has been docketed as Cause No.

Kingsbury Utility Corporation
P.O. Box 254
Kingsbury, IN 46345

PROPOSED
5/17/07

KINGSBURY UTILITY CORPORATION
LaPorte County, Indiana
SEWAGE UTILITY TARIFFS, RATES AND CHARGES

The rates and charges of Kingsbury Utility Corporation to customers of its sewage utility plant and service shall be as follows:

Single-Family Residential Customers:

For each single-family dwelling unit, the applicable charge shall be based on the quantity of water delivered to the dwelling unit per month, subject to monthly minimum charges. See the following rates per 1,000 gallons and schedule of minimum charges based on meter size.

Customers Operating Multi-Family Residential Facilities:

The applicable charge to such customers shall be based on the quantity of water delivered per month, for each apartment, mobile home or other single-family dwelling unit, within each building, mobile home court or other facility or such customer to which sewage service is furnished. See the following rates per 1,000 gallons and schedule of minimum charges based on meter size.

Commercial, Industrial and All Other Customers:

The monthly sewage service charge for each customer shall be based on the quantity of water delivered to such customers by the utility, as established by the foregoing tariff sheets relating to water service. See the following rates per 1,000 gallons and schedule of minimum charges based on meter size.

(1) Rates Per 1,000 Gallons of Water

Each customer receiving metered water service shall pay a fee based on the quantity of water delivered to the customer, subject to minimum charges at (2), in accordance with the following schedule:

Water Quantity Furnished Per Month	Sewage Rates Per 1,000 Gallons of Water
First 5,000 gallons	\$6.55
Next 10,000 gallons (5,001 to 15,000)	5.78
Next 35,000 gallons (15,001 to 50,000)	5.26
Next 50,000 gallons (50,000 to 100,000)	4.47
Next 100,000 gallons (100,001 to 200,000)	3.95
All amounts in excess 200,000	3.14

Proposed
5/17/07

KINGSBURY UTILITY CORPORATION
LAPORTE COUNTY, INDIANA
SEWAGE UTILITY TARIFF

(2) Minimum charges for metered service:

Each customer receiving metered water service shall pay a minimum monthly sewage service charge, based upon the size of meter, in accordance with the following schedule:

<u>Size of Meter</u>	<u>Minimum Charge Per Month</u>
5/8 inch diameter	\$ 32.29
3/4 inch diameter	42.24
1 inch diameter	77.67
1 1/4 inch diameter	97.35
1 1/2 inch diameter	102.57
2 inch diameter	226.93
3 inch diameter	421.37
4 inch diameter	810.47
6 inch diameter	1,620.91
8 inch diameter	2,593.53

The applicable minimum sewage charge payable for a particular month shall be credited against the sewage charges based upon the quantity of water actually delivered to the customer during that month. If the quantity actually delivered is less than the quantity which the minimum charge would have covered, the difference may not be credited against greater charges for any prior or subsequent month.

(3) Non-Metered Customers:

Shall be assessed flat monthly sewage charge of \$32.29 until the the customer becomes a metered customer of the utility.

(4) Discounts to Customers:

Discounts from the sewage charges otherwise payable under the above provision of these sewage tariff sheets, may be granted to customers where past experience or future studies conducted by the utility company establish that the customer consistently deposits in the utility's sewage system, sewage and wastes amounting each month to less than 80% of the quantities of water received by such customer. In such cases, the discount shall be a percentage of the otherwise applicable monthly sewage charge, equal to the percentage difference between the average amount of water received by the customer and the average amount of total sewage and wastes deposited by said customer in the said sewage system; provided, that all sewage discount agreements are promptly filed for review with the Engineering Department (see Finding No. 10, P.S.C.I. order in Docket No. 42923-U).

PROPOSED
5/17/07

KINGSBURY UTILITY CORPORATION
LAPORTE COUNTY, INDIANA
SEWAGE UTILITY TARIFF

(5) Collection Late Payment, Disconnection and Reconnection Charges:

All charges not paid within seventeen (17) days from the due date thereof, as shown on the bills for such charges, shall be subject to a collection or late-payment charges in an amount equal to 10% of the first \$3.00 plus 3% of any excess over \$3.00. If any bills are not paid within forty-five (45) days from the due date thereof, the customer's service shall be disconnected, upon prior written notice of at least seven (7) days, mailed to such customer at the address shown upon the utility's records, or personally delivered to the customer or member of his/her household, or to an officer or employee of the customer (if a business customer), advising the customer of the reason for the proposed disconnection; provided, however, that service may be disconnected without prior notice, subject to rules and regulations of the Public Service Commission of Indiana, only in the following situations:

- a) if a condition dangerous or hazardous to life, physical safety or property exists; or
- b) upon order by any court, the Commission or other duly authorized public authority;
- c) if fraudulent or unauthorized use is detected and the utility has reasonable ground to believe the affected customer is responsible for such use; or
- d) if the utility's regulating or measuring equipment has been tampered with and the utility has reasonable grounds to believe that the affected customer is responsible for such tampering.

In order to obtain reconnection, prior payment of all delinquent charges and a reconnection charge in the amount of \$10.00 shall be required.

Interruption of Service:

The utility company's liability for damages arising out of any interruption of service shall in no event exceed an amount equivalent to the proportionate minimum sewage charge otherwise applicable for the period of time during which such interruption of service occurs.

Non-Discrimination:

The rates and charges herein provided shall apply to all customers as appropriate to their usage, with no free or discounted service to any customer (other than under discount agreements filed with and reviewed by the Indiana Utility Regulatory Commission, including the owner, directors, officers, employees and shareholders of the utility company.

PROPOSED
5/17/07

KINGSBURY UTILITY CORPORATION
LAPORTE COUNTY, INDIANA
SEWAGE UTILITY TARIFF

Address of Utility:

Post Office Box 254, Intersection First and Hupp Roads, Kingsbury,
Indiana 46345.

Name, Title and Address of Issuing Officer:

Jeffrey L. Johnson, President; address same as above.

CERTIFICATE OF TERRITORIAL AUTHORITY NO. 74

STATE OF INDIANA

PUBLIC SERVICE COMMISSION OF INDIANA

CERTIFICATE OF TERRITORIAL AUTHORITY
SEWAGE DISPOSAL

PUBLIC SERVICE COMMISSION OF INDIANA, acting under and pursuant to the powers conferred upon it in and by Section 97 C of the Public Service Commission Act, and pursuant to order entered by the Commission on September 4, 1969, in Cause No. 32105, pending before it, hereby issues and grants unto Kingsbury Utility Corporation, an Indiana corporation, a Certificate of Territorial Authority authorizing the rendering of sewage disposal service within rural areas located in LaPorte County, Indiana, and more particularly described as follows:

Twenty-four parcels of land, designated as Parcels 1 through 23C, inclusive, of the former Kingsbury Ordnance Plant, aggregating over 6800 acres, located in LaPorte County, Indiana, as more particularly described in that certain quitclaim deed from the United States of America as grantor, to Kingsbury Industrial & Development Corporation, grantee, recorded in Book 324, page 5, in the office of the Recorder of LaPorte County, Indiana, said twenty-four (24) parcels of land being more particularly described as follows, to-wit:

A tract of land located in Sections 1 through 14, both inclusive, Township 35 North, Range 2 West and Sections 31 through 34, both inclusive, Township 36 North, Range 2 West in Washington and Union Township, LaPorte County, Indiana, more particularly described as follows: Beginning at a point in the center of Stillwell Road which point is the S.W. Corner (re-established) of Section 2, Township 35

North, Range 2 West; thence North $89^{\circ} 10' 05''$ E, (magnetic) 334.74 feet, along the centerline of Stillwell Road; thence N $01^{\circ} 26' 52''$ W, 1164.90 feet along the centerline of Stillwell Road; thence N $87^{\circ} 05' 18''$ E, 10,234.14 feet to a point in the center of River Road; thence S $00^{\circ} 55' 21''$ E, 5361.11 feet along the centerline of River Road; thence S $00^{\circ} 15' 41''$ E, 1648.88 feet along the centerline of River Road to a point in the center of the Kankakee River; thence S $66^{\circ} 21' 37''$ W, 3798.68 feet along the approximate centerline of the Kankakee River; thence continuing S $59^{\circ} 18' 33''$ W, 1598.20 feet along the centerline of the Kankakee River; thence continuing S $43^{\circ} 01' 08''$ W, 391.71 feet along the centerline of the Kankakee River; thence continuing S $23^{\circ} 15' 11''$ W, 172.12 feet along the centerline of the Kankakee River to a point on the Northerly R/W of the Baltimore & Ohio Railroad; thence N $84^{\circ} 08' 47''$ W, 5359.39 feet along the Northerly R/W of the Baltimore & Ohio Railroad to a point in the center of Stillwell Road; thence N $00^{\circ} 57' 02''$ W, 2255.12 feet along the centerline of Stillwell Road; thence N $00^{\circ} 52' 12''$ W, 2656.75 feet along the centerline of Stillwell Road; thence N $00^{\circ} 27' 48''$ W, 1355.42 feet along the centerline of Stillwell Road to a point on the Southerly R/W of Central Road; thence S $87^{\circ} 07' 06''$ W, 1401.73 feet along the Southerly R/W of Central Road to a point on the Westerly R/W of Fifth Road; thence N $18^{\circ} 06' 21''$ W, 321.04 feet along the Westerly R/W of Fifth Road to a point on the Southerly R/W of an existing Railroad system; thence S $87^{\circ} 04' 35''$ W, 2485.27 feet along the Southerly R/W of said existing Railroad system; thence S $01^{\circ} 12' 27''$ E, 2904.89 feet; thence S $89^{\circ} 06' 04''$ W, 2684.19 feet; thence N $00^{\circ} 55' 16''$ W, 2810.71 feet to a point on the Southerly R/W of said existing Railroad system; thence S $87^{\circ} 07' 22''$ W, 957.09 feet along the Southerly R/W of said existing Railroad system; thence continuing S $87^{\circ} 06' 47''$ W, 3038.02 feet along the Southerly R/W of said existing Railroad system; thence S $00^{\circ} 53' 30''$ W, 3292.87 feet; thence N $89^{\circ} 57' 03''$ W, 1306.19 feet; thence N $00^{\circ} 25' 32''$ W, 331.09 feet to a point on the Westerly R/W of First Road; thence N $22^{\circ} 53' 02''$ W, 348.11 feet along the Westerly R/W of First Road; thence N $89^{\circ} 38' 12''$ W, 3812.39 feet to a point in the center of Cass Road; thence S $00^{\circ} 42' 28''$ E, 250.95 feet along the center-

line of Cass Road to a point on the Southerly R/W of Detonator Road; thence S $87^{\circ} 08' 09''$ W, 2347.33 feet along the Southerly R/W of Detonator Road; thence continuing S $87^{\circ} 02' 32''$ W, 350.68 feet along the Southerly R/W of Detonator Road to a point on the Easterly R/W of U.S. #6; thence N $27^{\circ} 30' 54''$ W, 2331.50 feet along the Easterly R/W of U.S. #6; thence continuing along the Easterly R/W of U.S. #6; 831.59 feet along the arc of a curve concave to the East, having a central angle of $25^{\circ} 20' 45''$ a radius of 1879.86 feet and a chord 824.83 feet long with a chord bearing of N $14^{\circ} 50' 31.5''$ W; thence continuing along the Easterly R/W of U.S. #6, N $02^{\circ} 10' 09''$ W, 396.69 feet; thence continuing along the Easterly R/W of U.S. #6, 1019.26 feet along the arc of a curve concave to the East, having a central angle of $01^{\circ} 19' 00''$, a radius of 44,354.14 feet and a chord 1019.24 feet along with a chord bearing of N $01^{\circ} 30' 39''$ W; thence continuing along the Easterly R/W of U.S. #6, N $00^{\circ} 51' 09''$ W, 826.75 feet; thence continuing along the Easterly R/W of U.S. #6 N $00^{\circ} 49' 55''$ W, 1451.63 feet; thence continuing along the Easterly R/W of U.S. #6 N $87^{\circ} 34' 59''$ E, 15.13 feet; thence continuing along the Easterly R/W of U.S. #6 N $00^{\circ} 51' 59''$ W, 709.61 feet; thence continuing along the Easterly R/W of U.S. #6, 193.02 feet along the arc of a curve concave to the West, having a central angle of $08^{\circ} 25' 22''$, a radius of 1318.24 feet and a chord 192.85 feet long with a chord bearing of N $04^{\circ} 55' 47''$ W; thence continuing along the Easterly R/W of U.S. #6, N $00^{\circ} 53' 44''$ W, 314.74 feet; thence continuing along the Easterly R/W of U.S. #6, N $00^{\circ} 51' 07''$ W, 142.56 feet; thence N $86^{\circ} 10' 05''$ E, 1426.10 feet; thence N $02^{\circ} 54' 11''$ W, 519.91 feet; thence S $87^{\circ} 04' 10''$ W, 30.00 feet; thence N $02^{\circ} 49' 25''$ W, 103.92 feet; thence S $87^{\circ} 03' 12''$ W, 1372.27 feet; thence S $88^{\circ} 07' 05''$ W, 100.00 feet; thence S $00^{\circ} 38' 23''$ E, 110.00 feet; thence N $88^{\circ} 07' 05''$ E, 100.00 feet; thence S $00^{\circ} 38' 23''$ E, 62.97 feet; thence S $87^{\circ} 29' 02''$ W, 892.22 feet to a point on the Easterly R/W of S.R. #35; thence N $20^{\circ} 17' 35''$ E, 204.02 feet along the Easterly R/W of S.R. #35; thence continuing N $25^{\circ} 24' 33''$ W, 229.95 feet along the Easterly R/W of S.R. #35; thence N $87^{\circ} 29' 02''$ E, 909.96 feet; thence N $02^{\circ} 05' 06''$ W, 2427.57 feet; thence N $86^{\circ} 55' 51''$ E, 50.04 feet; thence N $02^{\circ} 03' 49''$ W, 36.37 feet to a point on the Southerly R/W of the Grandtrunk & Western Railroad; thence N $62^{\circ} 20' 00''$ E, 4951.84 feet

along the Southerly R/W of the Grand Trunk & Western Railroad to a point on the Southerly R/W of the Wabash Railroad; thence N 88° 23' 33" E, 1948.06 feet along the Southerly R/W of the Wabash Railroad; thence continuing along the Southerly R/W of the Wabash Railroad N 01° 45' 09" W, 50.00 feet; thence continuing along the Southerly R/W of the Wabash Railroad N 88° 23' 33" E, 12651.53 feet; thence S 27° 05' 38" W, 5097.42 feet to a point in the center of Hupp Road; thence N 87° 05' 00" E, 373.90 feet along the centerline of Hupp Road; thence continuing along the centerline of Hupp Road S 83° 02' 06" E, 345.82 feet; thence continuing along the centerline of Hupp Road, N 87° 07' 40" E, 1002.79 feet; thence S 17° 53' 11" E, 433.09 feet; thence S 17° 55' 12" E, 4675.27 feet; thence S 09° 31' 01" E, 124.26 feet to the point of beginning, excepting therefrom a tract of land located in Sections 33 and 34, Township 36 North, Range 2 West in Washington Township, LaPorte County, Indiana, more particularly described as follows: Beginning at a point in the center of Hupp Road which is 57.56 feet Northerly on a bearing of N 01° 13' 35" W, (Magnetic) from the S.W. corner (re-established) of Section 34, Township 36 North, Range 2 West; thence S 87° 05' 00" W, 2919.67 feet along the centerline of Hupp Road; thence N 27° 03' 50" E, 3629.72 feet along the centerline of Ammunition Road; thence N 41° 01' 52" E, 403.19 feet; thence N 87° 04' 46" E, 4925.67 feet; thence S 27° 05' 38" W, 3966.43 feet to the centerline of Hupp Road; thence S 87° 05' 00" W, 2115.77 feet along the centerline of Hupp Road to the point of beginning.

ALSO, 21.5 acres owned by the United States government and used as Army Reserve headquarters which abuts the above described real estate on the North, East and South and which is particularly described as follows to-wit: Commencing at the Northwest corner of fractional Section 6; thence East along the North line of fractional Section 6 a distance of 2357.54 feet to a point which is 100 feet west of the west line of the Northeast Quarter of the Northwest fractional quarter of Section 6 to point of beginning. Thence South 110 feet; to the Reservation boundary; thence East 100 feet along said Reservation boundary; thence south along westerly reservation boundary of U.S. Government property 550 feet, more or less,

to the north line of the South Half of the Northeast Quarter of the Northwest Quarter of fractional Section 6; thence East and parallel to the North line of fractional Section 6 a distance of 1410 feet, more or less to an existing chain link fence. Thence North along said existing chain link fence a distance of 520 feet, more or less, to a point; thence westerly along said chain link fence 30 feet; thence north along said fence 440 feet, more or less, to the north line of fractional section 6; thence west along said North line of fractional section 6 to the point of beginning; containing 21.50 acres, more or less.

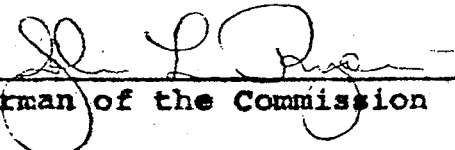
in which rural areas public convenience and necessity require the rendering of the sewage disposal service hereby authorized.

This Certificate of Territorial Authority is issued, and is to be held and used, subject to the applicable terms, conditions and provisions of the Public Service Commission Act, as amended from time to time, and subject to the applicable rules and regulations from time to time promulgated by the Commission.

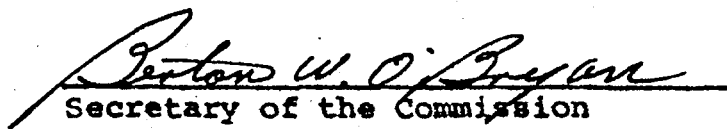
IT WITNESS WHEREOF, PUBLIC SERVICE COMMISSION OF INDIANA has executed this Certificate of Territorial Authority, and has caused its seal to be hereunto affixed and duly attested by its Secretary, all on the 10th day of September, 1969.

PUBLIC SERVICE COMMISSION OF INDIANA

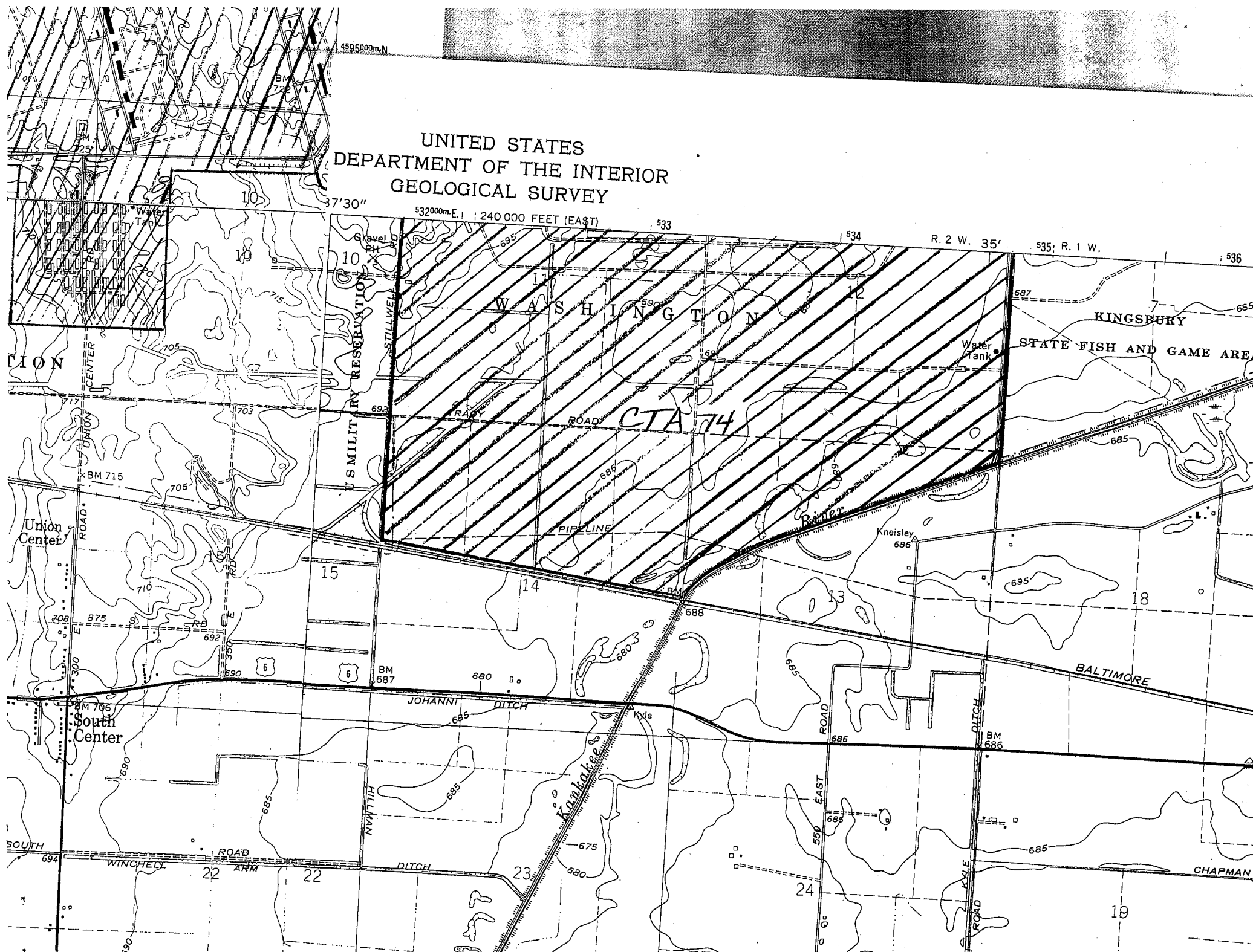
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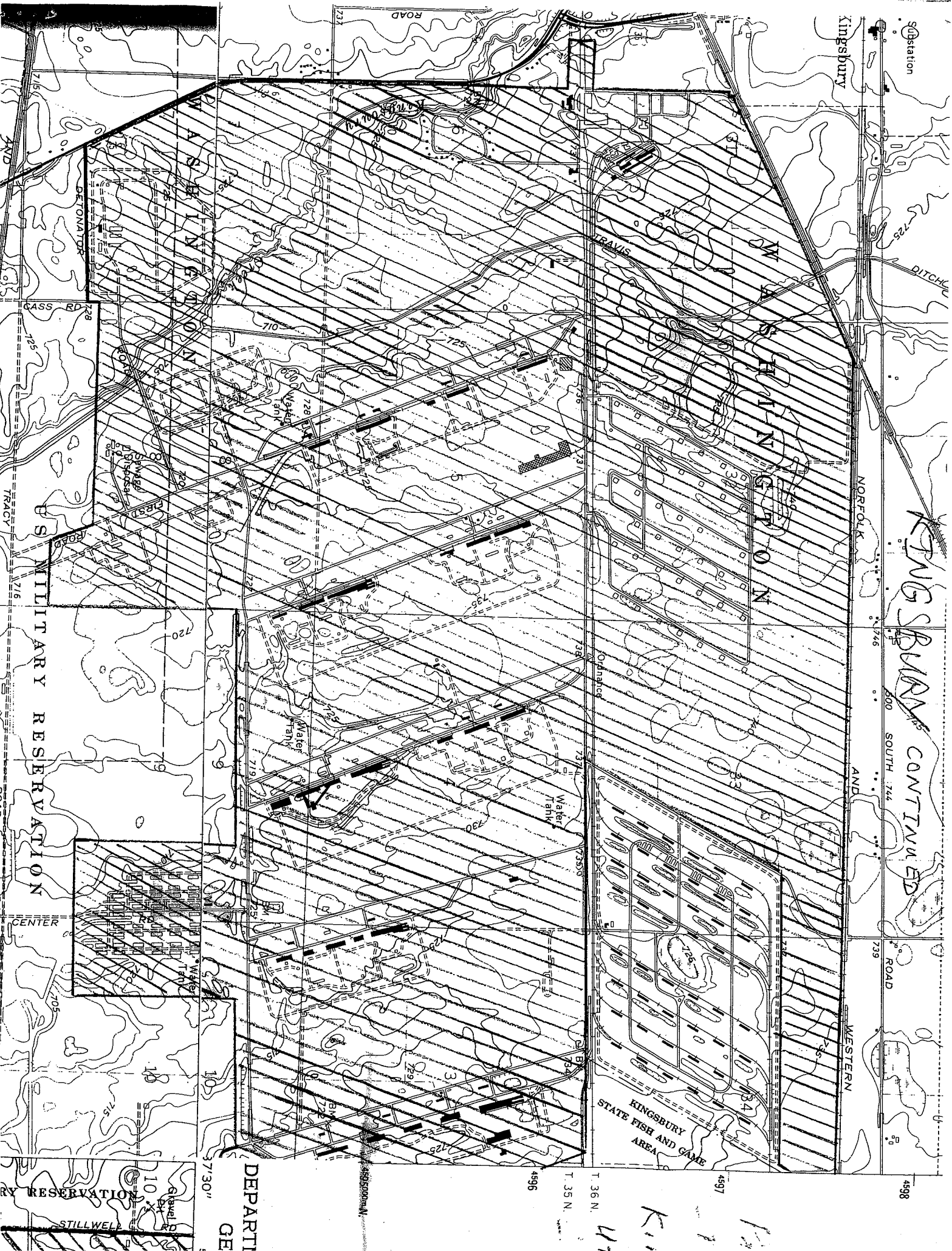

Chairman of the Commission

ATTEST:


Secretary of the Commission

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